

THE COMMITTEE ON ENERGY AND COMMERCE
INTERNAL MEMORANDUM



June 9, 2011

TO: Members, Subcommittee on Energy and Power

FROM: Committee Staff

RE: Hearing on H.R. 2054, the "Energy and Revenue Enrichment Act of 2011"

On Monday, June 13, 2011, at 1:30 p.m. in room 2123 of the Rayburn House Office Building, the Subcommittee on Energy and Power will hold a legislative hearing on H.R. 2054, the "Energy and Revenue Enrichment Act of 2011."

I. WITNESSES

The invited witnesses are as follows.

Panel 1

The Honorable Mitch McConnell
U.S. Senator from Kentucky

Panel 2

Mr. Gene Aloise
Government Accountability Office
Director of Natural Resources & Environment

The Honorable Daniel B. Poneman
Deputy Secretary
U.S. Department of Energy

Panel 3

Mr. Jim H. Key
Vice President
United Steelworkers Union Local 550

Mr. Herman Potter
President
United Steel Workers Local 689

II. BACKGROUND

There are currently approximately 40,000 canisters of DUF₆ (depleted uranium hexafluoride) located at a Department of Energy (DOE) uranium enrichment plant in Paducah, KY (See Appendix A). Similarly, approximately 20,000 such canisters are located at a DOE uranium enrichment plant in Portsmouth, OH. These canisters are commonly referred to as “tails” or “uranium tails” and most are owned by DOE. The tails contain usable uranium that can be reenriched and sold to generate revenue.

The Energy and Revenue Enrichment Act of 2011 (the “Act”) would initiate a pilot program to reenrich the tails and would direct revenues from the sale of the resulting product to the Uranium Decontamination and Decommissioning Fund for environmental cleanup. When selling the resulting product, the Act authorizes the Secretary of Energy to sell up to 15 percent of the U.S.’s nuclear fuel requirements for 4 years (current DOE practice is to sell no more than 10 percent). The pilot program is to be started and completed at no net cost to the government.

DOE estimates that reenrichment of the uranium tails could reduce the amount of waste for disposal from these canisters, potentially saving taxpayers millions of dollars in avoided disposal costs. In an April 3, 2008 House Energy and Commerce Committee hearing, the Government Accountability Office (GAO) testified that the uranium tails could be worth as much as \$20 billion and assumed the net value could be \$7.6 billion based on 2008 market conditions. GAO will be testifying at the June 13th hearing with respect to the potential value of the uranium tails under current market conditions.

III. SECTION-BY-SECTION

Section 1- Short Title

Section 1 provides the short title for the legislation, the “Energy and Revenue Enrichment Act of 2011.”

Section 2- Definitions

Section 2 defines several terms. “Enrichment Plant” is defined as a uranium enrichment plant that is owned by the Department of Energy and that the Nuclear Regulatory Commission has deemed in compliance under the Atomic Energy Act of 1954. “Qualified Operator” is defined as a company that has experience in operating an enrichment plant under Nuclear Regulatory Commission authorization. “Reenrichment” is defined to mean increasing the weight percent of U-235 to make the uranium usable.

Section 3- Reenrichment Contract

Section 3 requires that the Secretary enter into a contract for a 24-month pilot program to reenrich uranium tails. The Secretary is directed to maximize the financial return to the federal government in negotiating the terms of such contract. The Secretary must enter into the contract for the pilot program and the qualified operator must begin reenrichment no later than June 1, 2012.

Any funds received from the sale of reenriched uranium are made available to the Secretary to carry out the pilot program. Remaining funds are to be deposited into the Uranium Decontamination and Decommissioning Fund.

Section 4- Depleted Uranium

Section 4 provides that the Secretary retains title to the depleted uranium generated as a result of the pilot program. The Secretary is authorized to assume title to any additional depleted uranium or to transfer uranium to the qualified operator in order to satisfy the terms of the contract of the pilot program.

Section 5- Limitation on Federal Uranium Sales

Section 5 provides that during the two-year period of the pilot program, and for two years thereafter, the Secretary is authorized to sell up to 15 percent of the U.S.'s nuclear fuel requirements. After this total four year period, the Secretary is prohibited from selling in excess of 10 percent of the U.S.'s nuclear fuel requirements in any year, unless the Secretary makes a determination that there will be no impact on uranium markets.

IV. STAFF CONTACT

If you have any questions regarding this hearing, please contact Cory Hicks or Maryam Brown at 5-2927.

APPENDIX A

Uranium Tail Canisters at DOE Paducah, KY Enrichment Facility

